

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

COME-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 PA-01 PRS-01 ABF-01 /086 W

----- 070905

R 100817Z MAR 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 9477

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE HONG KONG 2760

PASS TREASURY

E.O. 11652: NA

TAGS: EFIN, UK, HK

SUBJECT: EFFECTS OF HONG KONG OF STERLING DEPRECIATION

1. DECLINE IN RECENT DAYS OF STEARLING EXCHANGE RATE HAS DRAWN CONSIDERABLE ATTENTION IN LOCAL PRESS. RATE IN HONG KONG DOLLARS WENT FROM 10.02 IN LATE FEBRUARY TO LOW OF 9.57 MARCH 8. (TT BUYING RATES), A DECLINE OF ABOUT 4.5 PERCENT. PASSAGE THROUGH THE HK\$10. LINE WAS APPARENTLY OF PSYCHOLOGICAL IMPORTANCE HERE.

2. REAL EFFECTS ON HONG KONG ARE LIKELY TO BE SMALL. HONG KTNG GOVERNMENT EXTREMELY SECRETIVE ABOUT PERCENTAGE OF STERLING IN OFFICIAL EXCHANGE RESERVES, BUT IT IS CERTAINLY UNDER 40 PERCENT. PRESS STORIES LABEL IT " A BIT OVER ONE THIRD". WE ARE INCLINED TO BELIEVE IT IS LESS THAN THAT, PERHAPS ON ORDER 25-30 PERCENT. PRIVATE BANKS HOLD LITTLE STERLING.

3. IN 1975, ONLY 5.1 PERCENT OF HONG KONG'S IMPORTS

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WERE FROM U.K. AND U.K. TOOK 12.2 PERCENT HONG

KONG DOMESTIC EXPORTS. LARGEST EXPORTS TO U.K. ARE  
CLOTHING AND TEXTILES. WHICH ARE SUBJECT TO EEC  
QUOTA RESTRAINTS AND CONSEQUENTLY UNLIKELY TO BE MUCH  
AFFECTED BY PRICE CHANGES OF THIS ORDER MAGNITUDE.  
CROSS

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STERLING (CURRENCY), DEVALUATIONS, FOREIGN EXCHANGE RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976HONGK02760  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760091-0088  
**From:** HONG KONG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760377/aaaacpje.tel  
**Line Count:** 66  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 MAY 2004 by ifshinsr>; APPROVED <08 SEP 2004 by ElyME>  
**Review Markings:**  

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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EFFECTS OF HONG KONG OF STERLING DEPRECIATION  
**TAGS:** EFIN, UK, HK  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006